

Australia begins selling pollution tax

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Australia's prime minister Julia Gillard speaks in Canberra. The prime minister said a new carbon tax, which will be offset by a package of personal tax breaks, was needed to tackle carbon pollution in Australia, one of the world's biggest per capita carbon emitters.

Australia's Prime Minister Julia Gillard began Monday the mammoth task of selling a bold new tax on carbon emissions to sceptical voters, in a battle that could make or break her fragile rule.

But Gillard, who leads a shaky [coalition government](#), immediately faced a furious reaction from industries targeted by the [tax](#), with coal and ore miners, airlines and other businesses warning it could hobble the economy.

While Canberra insists the tax on the nation's 500 biggest [polluters](#) will help slow global warming and save natural treasures such as the [Great](#)

[Barrier Reef](#), opponents say it will have little effect on [climate change](#) but will cost taxpayers billions and force major industry to slash production and jobs.

"We've opted for the cheapest way of cutting [carbon pollution](#)," Gillard said on commercial television as she launched an election-style campaign to convince voters and big business of the necessity of action unveiled Sunday.

"At its core it really is quite simple, we at the moment put carbon pollution into our atmosphere for nothing, a big polluter can just keep chugging it up into the skies and not pay anything," she said.

"The core of this is those big polluters will pay a price, they're smart business people, when a bill comes in for carbon pollution they'll say, 'How can I reduce that bill, how can I change my processes so I generate less carbon pollution?'"

The prime minister said the new tax, which will be offset by a package of personal tax breaks, was needed to tackle carbon pollution in Australia, one of the world's biggest per capita carbon emitters.

Gillard on Sunday unveiled the [carbon tax](#), which she had pledged during last year's [election campaign](#) not to introduce, setting the price at Aus\$23 (\$24.74) per tonne from July 1 next year to help battle climate change.

Under the plan, which is under heavy attack from the conservative opposition party, there will be a fixed price on carbon pollution until Asia-Pacific's largest emissions trading scheme to date is launched in 2015.



A protester holds a placard denouncing carbon tax during a rally in Sydney. Australia's Prime Minister Julia Gillard began Monday the mammoth task of selling a bold new tax on carbon emissions to sceptical voters, in a battle that could make or break her fragile rule.

The government faces a tough battle convincing voters, who polls have shown are resistant to the tax that is expected to increase consumer prices by 0.7 percent, and major industries are violently opposed to it.

The coal industry came out with all guns blazing Monday, warning the new tax would force mine closures and cost thousands of jobs in the industry that is one of the major drivers of Australia's mineral exports-led economy.

"It's a regrettable policy," Ralph Hillman, executive director of the Australian Coal Association, told public broadcaster ABC.

"You are going to lose jobs in Australia, we calculate about 4,700 direct jobs (through closures of existing mines), but for no cuts in emissions," he said, casting doubt on the effectiveness of the scheme.

Gillard however said the coal industry would not be harmed and jobs would not be jeopardised.

"There will be growth in jobs in coal," she said. "The demand for coal will continue very strong. In terms of the impact of carbon pricing on coal mining the average impact is Aus\$1.40 per tonne," she told commercial radio.

The Minerals Council said the plan would "take a baseball bat to the Australian economy", including a Aus\$25 billion hit to mining, while doing little to reduce emissions.

Australia's biggest airline Qantas also weighed into the debate, saying it would cost the carrier some Aus\$110 million-Aus\$115 million in its first year which it would have to pass onto customers given the challenges facing global aviation.

And the nation's biggest employer lobby group, the Australian Chamber of Commerce and Industry, warned the tax would weaken the economy, dubbed the "Wonder from Down Under" which emerged strong from the global financial crisis.

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